

TESTIMONY OF
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BEFORE THE SUBCOMMITTEE ON SPACE SCIENCE AND APPLICATIONS
OF THE HOUSE COMMITTEE ON SCIENCE AND TECHNOLOGY
ON COMMERCIALIZATION OF EXPENDABLE LAUNCH VEHICLES

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Mr. Chairman and Members of the Subcommittee:

I am pleased to appear before you today to discuss H.R. 3942 and the Administration's plans to focus our resources and effort on commercialization of expendable launch vehicles.

Mr. Chairman, we are here to discuss America's newest transportation industry -- the industry that will boost payloads into space and enable mankind to exploit its newest frontier. My colleagues and I in the Department of Transportation are gratified that the President has designated DOT as the lead agency for this important endeavor. The President's designation of a lead agency affirms our view that the public will benefit most from a climate that frees the industry from needless regulatory barriers and allows it to develop, consistent with public safety, environmental, and national security concerns.

Some seeking to enter the satellite launch business have been reluctant to make substantial investments because the regulatory and approval process is so cumbersome. I believe that DOT is in the best position to ease that concern.

I view this new responsibility as an opportunity and a challenge. We can help launch a whole new U.S. industry -- one with potentials as unlimited as

space itself. We are already at work on plans to consolidate and simplify the regulatory process for space transportation using expendable launch vehicles.

We look forward to working closely with the members of this Committee and Congress, the interested agencies as we proceed. We have already received welcome expressions of support from our friends at the Commerce Department, the National Aeronautics and Space Administration (NASA), and other agencies. Commerce's promotional capability, and NASA's extensive experience with the private ELV industry will be particularly invaluable as we work jointly to foster the achievement of its full potential. Quite clearly, it is an industry with a multi-billion dollar future.

Mr. Chairman, the market clearly exists for commercialization, and our common goal is to assure that the government clears the way for real success.

On May 16, 1983, the President signed a National Security Decision Directive which states that the policy of the U.S. Government is to encourage and facilitate commercialization of expendable launch vehicles. The NSDD also established a Working Group on Commercial Launch Operations under the Senior Interagency Group for Space, co-chaired by the Department of State and NASA. The Working Group was directed to address the following issues:

- (a) Streamlining procedures to implement existing licensing authority;
- (b) Developing and coordinating the requirements and processes for the licensing, supervision, and/or regulation of routine commercial launch operations from commercial ranges, and

(c) Recommending the appropriate lead agency within the U.S. Government to be responsible for commercial launch activities.

The Working Group recommended processes for the approval of commercial launch ranges and operations. It recommended ways to streamline existing licensing procedures. It recommended responsibilities to be assigned to a lead agency.

On November 16, 1983, the President designated DOT as the lead agency for the commercialization of ELVs. I would like to share with you, Mr. Chairman, and with other Members of the subcommittee our approach on how to deal with this exciting new transportation industry.

The Department of Transportation intends to work closely with the private sector and with other interested Federal agencies to streamline, coordinate, and expedite the various regulatory processes governing commercial launches using ELVs. We believe that an efficient, lean mechanism will provide a suitable climate for the growth and development of this industry.

Most of the fundamental issues involved in launching the commercialization of ELVs will be similar to those which occurred during the early stages of other transportation modes. DOT is in a position to deal effectively with these issues because of our extensive experience in the deregulation of the aviation, rail and trucking industries and in ensuring increased competition within and among the transportation industries.

Further, three of DOT's operating administrations will have important roles to play in launch and range approvals:

- o The FAA will continue to exercise its current responsibilities

regarding the Nation's airspace and will oversee future commercial launch ranges;

- o The Coast Guard will ensure that launches do not adversely affect the safety of U.S. and international shipping lanes;
and
- o The Materials Transportation Bureau will oversee the transportation of hazardous materials, such as fuels for ELVs to launch sites.

The Department will make extensive use of its long history of interactions with the aerospace industry in carrying out the President's mandate. We will also draw upon our advanced technological expertise in aviation, aerospace, civil, and industrial engineering.

I believe that this function is so significant that I shall assign it to the Department's Office of the Secretary. With its experience in policy development, program coordination, and regulatory reform, OST will be able to orchestrate the streamlining of the launch and range approval processes.

The Department will provide the industry with a single point of contact within the Government regarding launches of commercial ELV's from commercial ranges. We will also encourage, facilitate, and expedite approvals of launch applications, ensure that each agency requires only essential information from applicants, and encourage each agency to reduce its processing time to an effective minimum.

The Department has not yet reached a decision on whether there is a need for legislation in support of our lead agency activities. We plan to

proceed immediately, along the lines suggested above, to implement the President's mandate. We are working, in cooperation with other involved agencies, to draft an Executive Order to spell out in somewhat greater detail our functions and those of other involved agencies.

I would like to summarize now the Department of Transportation's position on H.R. 3942. In general, we strongly and enthusiastically support efforts to encourage and facilitate the commercialization of expendable launch vehicles. It is clear that H.R. 3942 was drafted precisely in order to further that important objective. We believe, however, that despite its commendable purpose, H.R. 3942 could have counterproductive effects. It will not be surprising that we agree that designation of an effective lead agency is critical. But it is preferable that each of the agencies with technical expertise and regulatory authority related to approvals of commercial launch ranges and operations be permitted to retain that authority. Further, we believe that, as it now stands, H.R. 3942 is too prescriptive and detailed. Let me elaborate.

Implementation of a coherent federal policy can be achieved most effectively through determined coordination of the activities of the agencies involved. Centralization of all functions in a single agency, the approach taken in H.R. 3942, might well impede progress rather than enhance it.

The problem is that, while it is certainly possible to vest legal authority in an agency through legislation, the acquisition by that agency of genuine technical expertise and credibility in areas traditionally the responsibility of other agencies is likely to take much longer. To the extent that the Government has a legitimate oversight responsibility with respect to this new industry, the quality of that oversight might well suffer under this approach.

This is DOT's principal concern with the approach taken in H.R. 3942. Other, lesser concerns involve the problems of casting into statutory language inflexible or overdetailed procedures that would hobble this fledgling industry.

One-stop shopping, which can eliminate barriers and create an ideal regulatory environment, is what the industry seeks, and what DOT can and will provide.

Most important, we are pleased by this Committee's strong interest in and support for a means to assist the commercialization of space. We look forward to working closely with you in this critical new endeavor -- enabling America's innovators and entrepreneurs to exploit fully the opportunities available in this rapidly developing industry.

Mr. Chairman, this concludes my prepared statement. I would be pleased to answer any questions you or other Members may have.